

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:	Chapter 11
JOANN INC., <i>et al.</i> ¹ ,	Case No. 25-10068 (CTG)
Debtors.	(Jointly Administered)
	Objection Deadline: Feb. 25, 2025 at 5:00 p.m. Hearing Date: Feb. 26, 2025 at 2:00 p.m. Related to Docket Nos. 17, 446, 486 & 493

RESERVATION OF RIGHTS OF ARC CLORLFL001, LLC; ARC NLLKLFL001, LLC; ARC SMWMBFL001, LLC; ARG JAFPTIL001, LLC; ARG MHMORNC001, LLC; ARG OTOWEKEY001, LLC; ACADIA REALTY LIMITED PARTNERSHIP; AMERICAN FORK SC, LLC; BMA JC LLC; BRIXMOR OPERATING PARTNERSHIP LP; CCA-RSSC LLC EDENS; EREP FOREST HILL I, LLC, FEDERAL REALTY OP LP; GALLATIN MALL GROUP, L.L.C.; HUTENSKY CAPITAL PARTNERS, LLC; LANCASTER DEVELOPMENT COMPANY LLC; MARKETPLACE WEST PARTNERS, LLC; NNN YULEE FL OWNER LP; REM FAMILY CENTER, LLC; PAYNTER REALTY; PBA II, LLC; PRIDE CENTER CO., LLC; RD MANAGEMENT, LLC; RENAISSANCE PARTNERS I, LLC; RIVER PARK PLAZA, L.P.; SANTA SUSANA GRF2, LLC; SHERMAN COMMONS, L.P.; SHOPS AT LINDALE, LLC; SHOPPING CENTER ASSOCIATES, LP; TPP 217 TAYLORSVILLE, LLC; THE STERLING ORGANIZATION; UFPTFC, LLC & BBTFC LLC; WESTFORD VALLEY MARKETPLACE, INC.; AND ZAREMBA METROPOLITAN MIDLOTHIAN, LLC TO ENTRY OF APPROVAL ORDER

ARC CLORLFL001, LLC; ARC NLLKLFL001, LLC; ARC SMWMBFL001, LLC; ARG JAFPTIL001, LLC; ARG MHMORNC001, LLC; ARG OTOWEKEY001, LLC; Acadia Realty Limited Partnership; American Fork SC, LLC; BMA JC LLC; Brixmor Operating Partnership LP; CCA-RSSC LLC; EDENS; EREP Forest Hill I, LLC.; Federal Realty OP LP; Gallatin Mall Group, L.L.C.; Hutensky Capital Partners, LLC; Lancaster Development Company LLC; Marketplace

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: JOANN Inc. (5540); Needle Holdings LLC (3814); Jo-Ann Stores, LLC (0629); Creative Tech Solutions LLC (6734); Creativebug, LLC (3208); WeaveUp, Inc. (5633); JAS Aviation, LLC (9570); joann.com, LLC (1594); JOANN Ditto Holdings Inc. (9652); Dittopatterns LLC (0452); JOANN Holdings 1, LLC (9030); JOANN Holdings 2, LLC (6408); and Jo-Ann Stores Support Center, Inc. (5027). The Debtors' mailing address is 5555 Darrow Road, Hudson, Ohio 44236.

West Partners, LLC; NNN Yulee FL Owner LP; Orem Family Center, LLC; Paynter Realty; PBA II, LLC; Pride Center Co., LLC; RD Management, LLC; Renaissance Partners I, LLC; River Park Plaza, L.P.; Santa Susana GRF2, LLC; Sherman Commons, L.P., Shops at Lindale, LLC; Shopping Center Associates, LP; TPP 217 Taylorsville, LLC; The Sterling Organization; UFPTFC, LLC & BBTFCLLC; Westford Valley Marketplace, Inc.; and Zarembo Metropolitan Midlothian, LLC (collectively, the “Landlords”), hereby file this reservation of rights (the “Reservation”), by and through their undersigned counsel, to entry of an order approving the sale of the Debtors’ assets in connection with the *Motion of Debtors for Entry of an Order (I) Approving Bidding (II) Scheduling Certain Dates and Deadlines with Respect Thereto, (III) Approving the Form and Manner of Notice Thereof, (IV) Approving the Stalking Horse Agreement, (V) Establishing Notice and Procedures for the Assumption and Assignment of Contracts and Leases, (VI) Authorizing the Assumption and Assignment of Assumed Contracts and Leases, (VII) Approving the Sale of Assets, and (VIII) Granting Related Relief* [D.I. 17] (the “Sale Motion”)² and state as follows:

I. FACTUAL AND PROCEDURAL BACKGROUND

1. JOANN INC. and certain of its debtor affiliates (collectively, the “Debtors”), filed their voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code on January 15, 2025 (the “Petition Date”). The Debtors continue to operate their business and manage their properties as debtors-in-possession pursuant to 11 U.S.C. §§ 1107(a) and 1108.³

² Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Sale Motion.

³ Unless otherwise specified, all statutory references to “Section” are to 11 U.S.C. §§ 101 et seq. (the “Bankruptcy Code”).

2. The Debtors lease retail space (the “Premises”) from the Landlords pursuant to unexpired leases of nonresidential real property (individually, a “Lease,” and collectively, the “Leases”) at the locations (the “Centers”) set forth on the attached Schedule A.

3. The Leases are leases “of real property in a shopping center” as that term is used in Section 365(b)(3). See In re Joshua Slocum, Ltd., 922 F.2d 1081, 1086-87 (3d Cir. 1990).

4. On the Petition Date, the Debtors filed the Sale Motion, seeking, *inter alia*, approval of certain procedures and dates with respect to the sale of substantially all of their assets, including assumption and assignment of leases.

5. On February 16, 2025, the Court entered an order approving certain procedures and deadlines in connection with the Sale Motion [D.I. 446] (the “Bid Procedures Order”).

6. Pursuant to the Bid Procedures Order, on February 19, 2025, the Debtors filed a *Notice of Auction*, indicating that an Auction would be held on February 21, 2025 in connection with the sale of the Debtors’ Assets. [D.I. 461]. An Auction was held on February 21 and 22, 2025.

7. At the conclusion of the Auction, and as set forth in the *Notice of Winning Bidder for Certain of the Debtors’ Assets* filed on February 22, 2025 [D.I. 480], the Debtors selected GA Joann Retail Partnership, LLC, a subsidiary of GA Group, a provider of asset disposition, valuation, appraisal, and real estate services, together with Wilmington Savings Fund Society, FSB, in its capacity as Prepetition Term Loan Agent, as the Winning Bidder.

8. On February 24, 2025, the Debtors filed the *Notice of Filing Winning Bidder Agency Agreement* [D.I. 486], which included a copy of the Agency Agreement governing the sale of the Debtors’ Assets to the Winning Bidder. Pursuant to the Agency Agreement, the Winning Bidder is purchasing, *inter alia*, the right to “designat[e] the purchasers, assignees, sublessees, or

other transferees of any or all of Merchant's unexpired leases of non-residential real property . . . in accordance with the procedures under the Approval Order (as defined below) and subject to the assumption and assignment procedures to be incorporated in the Approval Order." Agency Agmt., § 1(c). "Approval Order" is defined in the Agency Agreement as this Court's order approving the transactions contemplated by the Agency Agreement, including certain express provisions to be included therein. *See* Agency Agmt., § 2.

9. Pursuant to the Bid Procedures Order, objections to the proposed sale must be filed by February 25, 2025 at 5:00 p.m. (ET) (the "Sale Objection Deadline").

10. A draft Approval Order was previously provided to Landlords' counsel, and a revised form of Approval Order was filed today shortly before the Sale Objection Deadline [D.I. 493], which Landlords continue to review.

II. RESERVATION OF RIGHTS

11. Landlords have no objection to the Debtors' selection of the Winning Bidder or the Court's approval of the Agency Agreement. Based on the Agency Agreement, statements at the Auction, and discussions with the Debtors and the Official Committee of Unsecured Creditors (the "Committee"), Landlords believe that the Winning Bidder does not intend to assume and assign any leases upon entry of the Approval Order and closing of the Agency Agreement, and instead proposes to address the treatment of all leases at a later date through the exercise of its post-closing designation rights.

12. The draft of the Approval Order provided to Landlords, however, contained many findings of fact and conclusions of law relating to assumption and assignment of leases that are premature at this juncture, and should instead be included in the form of assumption and assignment order following the designation rights process.

13. Further, the draft Approval Order failed to provide specificity as to the procedures for implementation of the Winning Bidder's designation rights with respect to leases, including the time and content of the notice of potential assignment (including proposed cure amounts), the provision of adequate assurance information for any proposed assignee, the proposed form of assumption and assignment order, and the timing and process for filing and adjudication of any objections to a proposed assignment.

14. Landlords do not believe there is any substantive dispute among the parties, but rather, the issue is simply the appropriate documentation of an Approval Order. The issues Landlords raise herein can be easily addressed through either (i) a streamlining of the relief sought in the Approval Order to fully reserve the designation rights process and related assumption and assignment of leases to a subsequent motion, or (ii) eliminating the premature findings of fact and conclusions of law from this Approval Order and incorporating the designation rights procedures now to set out the process for exercise of the Winning Bidder's lease designation rights.

15. Landlords will continue to work with the Debtors, the Committee, and the Winning Bidder to reach a mutually-agreeable form of Approval Order, but file this Reservation in light of the Sale Objection Deadline in order preserve their right to raise any such unresolved issues with the proposed form of Approval Order at the hearing.

III. CONCLUSION

Accordingly, any Approval Order should be modified as set forth herein, and Landlords reserve all rights related to the form of Approval Order that is ultimately submitted to the Court.

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Dated: February 25, 2025
Wilmington, Delaware

/s/ Laurel D. Roglen

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SCHEDULE A

ARC CLORLFL001, LLC		
Store No. 1908	Colonial Landing	Orlando, FL
ARC NLLKLFL001, LLC		
Store No. 0312	North Lakeland Plaza	Lakeland, FL
ARC SMWMBFL001, LLC		
Store No. 2118	Shoppes of West Melbourne	West Melbourne, FL
ARG JAFPTIL001, LLC		
Store No. 2418	West Avenue Shopping Center	Freeport, IL
ARG MHMORNC001, LLC		
Store No. 2318	Morganton Heights	Morganton, NC
ARG OTOWEKY001, LLC		
Store No. 2233	Owensboro Towne Center	Owensboro, KY
ACADIA REALTY LIMITED PARTNERSHIP		
Store No. 2373	Merrillville Plaza	Merrillville, IN
Store No. 0539	New Towne Center	Canton, MI
AMERICAN FORK SC, LLC		
Store No. 2331	American Fork Center	American Fork, UT
BMA JC LLC		
Store No. 2220	Joliet Commons	Joliet, IL
BRIXMOR OPERATING PARTNERSHIP LP		
Store No. 2477	Burning Tree Plaza	Duluth, MN
Store No. 0904	Capitol Shopping Center	Concord, NH
Store No. 2342	Cayuga Shopping Center	Ithaca, NY
Store No. 2574	Dickson City Crossings	Dickson City, PA
Store No. 2381	Fox Run Shopping Center	Prince Frederick, MD
Store No. 2198	High Point Centre	Lombard, IL
Store No. 2520	Hilltop Plaza	Virginia Beach, VA
Store No. 0677	Holyoke Shopping Center	Holyoke, MA
Store No. 2116	Lakes Crossing	Norton Shores, MI
Store No. 2579	Parkway Plaza	Vestal, NY
Store No. 0429	Pine Tree Shopping Center	Portland, ME
Store No. 0138	Rivercrest Shopping Center	Crestwood, IL
Store No. 0824	Seacoast Shopping Center	Seabrook, NH
Store No. 1586	Southland Shopping Center	Middleburg Heights, OH
Store No. 2136	South Towne Centre	Dayton, OH
Store No. 1924	The Plaza at Buckland Hills	Manchester, CT
Store No. 1107	Venice Village	Venice, FL
Store No. 2344	West Loop Shopping Center	Manhattan, KS
Store No. 2390	Westminster City Center	Westminster, CO
CCA-RSSC LLC		
Store No. 2180	Renaissance Square	Cedar City, UT

EDENS		
Store No. 0777	Middlesex Commons	Burlington, MA
Store No. 2182	ShopRite Plaza	Brookfield, CT
EDENS		
Store No. 2536	The Shops of Forest Hill	Germantown, TN
FEDERAL REALTY OP LP		
Store No. 0551	One On Mercer	Lawrenceville, NJ
GALLATIN MALL GROUP, L.L.C.		
Store No. 1695	Gallatin Valley Mall	Bozeman, MT
HUTENSKY CAPITAL PARTNERS, LLC		
Store No. 2048	Bloomington Court	Bloomington, IL
Store No. 2272	Golden Gate Shopping Center	Mayfield Heights, OH
Store No. 2103	Lake View	Orland Park
Store No. 1858	Northglenn Marketplace	Northglenn, CO
LANCASTER DEVELOPMENT COMPANY LLC		
Store No. 2218	Willamette Town Center	Salem, OR
MARKETPLACE WEST PARTNERS, LLC		
Store No. 2315	Marketplace West	Billings, MT
NNN YULEE FL OWNER LP		
Store No. 2335	Villages of Amelia	Yulee, FL
OREM FAMILY CENTER, LLC		
Store No. 1756	The Family Center at Orem	Orem, UT
PAYNTER REALTY		
Store No. 2428	Clovis Crossing	Clovis, CA
Store No. 2473	Sequoia Plaza	Visalia, CA
PBA II, LLC		
Store No. 0871	Peninsula Boardwalk	Redwood City, CA
PRIDE CENTER CO., LLC		
Store No. 2374	Pride Center	Woodland Hills, CA
RD MANAGEMENT, LLC		
Store No. 173	Merchants Crossing	N. Ft. Myers, FL
Store No. 1244	Shady Oaks Shopping Center	Ocala, FL
RENAISSANCE PARTNERS I, LLC		
Store No. 2013	Pueblo Mall	Pueblo, CO
RIVER PARK PLAZA, LP		
Store No. 2084	River Park Plaza	Fresno, CA
SANTA SUSANA GRF2, LLC		
Store No. 1818	Santa Susana Plaza	Simi Valley, CA
SHERMAN COMMONS, L.P.		
Store No. 2308	Sherman Commons	Sherman, TX
SHOPS AT LINDALE, LLC		
Store No. 2306	Shops at Lindale	Cedar Rapids, IA

SHOPPING CENTER ASSOCIATES, LP		
Store No. 2090	Perring Plaza	Parkville, MD
TPP 217 TAYLORSVILLE, LLC		
Store No. 2074	The Crossroads of Taylorville	Taylorville, UT
THE STERLING ORGANIZATION		
Store No. 1596	Coral Landings	Margate, FL
Store No. 1875	Fairfax Towne Center	Fairfax, VA
Store No. 2005	Presidential Commons	Snellville, GA
UFPTFC, LLC & BBTFCLLC		
Store No. 2528	2330 E 3300 S	Salt Lake City, UT
WESTFORD VALLEY MARKETPLACE, INC.		
Store No. 0472	Westford Valley Marketplace	Westford, MA
ZAREMBA METROPOLITAN MIDLOTHIAN, LLC		
Store No. 2141	Westchester Commons	Midlothian, VA